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Social Entrepreneurship for Inclusive Growth

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ABSTRACT: Sustainable development urgently requires inclusive growth defined by equitable access to opportunities and benefits. Conventional economic models are frequently inadequate to handle social and environmental problems and result in both injustice and social marginalization. Social entrepreneurship, which aims to generate social and economic value, offers a potentially effective pathway to achieving inclusive growth. This paper focuses on the contribution of social entrepreneurialism to social inclusion, which involves confronting social needs, mediating employment opportunities for excluded groups, and fostering a process of systemic change. It explores the key characteristics of social entrepreneurship, its impact on various dimensions of inclusion, and the challenges and opportunities it faces. Furthermore, the paper analyzes the policy and ecosystem support required to scale up social entrepreneurial ventures and maximize their contribution to inclusive growth. Last but not least, the paper suggests some practical solutions for both policymakers and stakeholders to help build a dynamic social entrepreneurship ecosystem that leads to a more inclusive and green tomorrow.

KEYWORDS: Social Entrepreneurship, Inclusive Growth, Social Innovation, Social Impact, Marginalized groups, Sustainable Development, Entrepreneurship Ecosystem, Social Value, Economic Empowerment and Policy Support.

I. INTRODUCTION

Inclusive growth is a mode of development that promotes fair and equal distribution of opportunities and access to the benefits of society to all members of the society regardless of socioeconomic status, gender, ancestry, or place of residence. It is not enough to increase GDP, but rather it seeks to decrease inequality, mitigate social exclusion, and improve quality of life. Yet, inclusive growth continues to pose a major challenge, especially for developing countries, where income, education, health and access to basic services gaps still persist.

Conventional economic models, which are primarily profit driven, may inadvertently compound such disparities. Market failures, poor public provision and discriminatory mechanisms can leave, the most disadvantaged to fall further behind, perpetuating poverty and exclusion. In this context, social entrepreneurship serves as a strong agent of inclusive growth, the social needs of others are tackled, and economic opportunities are generated, as the legitimacy of social injustices is confronted.

Social entrepreneurship is conceptualized as the creation and management of projects designed to tackle social issues in a novel and lasting way. Unlike traditional businesses that primarily focus on profit, social enterprises prioritize social impact as their core objective. They apply business concepts for planning and executing interventions to social problems, from poverty reduction and provision of health care services, to environmental sustainability and education.

II. OBJECTIVES

1. To Investigate social entrepreneurship's contribution to inclusive growth.
2. Examine its effects on marginalized communities
3. Identify key challenges and opportunities
4. Develop policy recommendations



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III. LITERATURE REVIEW

In recent times, social entrepreneurship has emerged as a crucial approach to tackling social and environmental challenges while simultaneously driving economic growth. Alter (2007) argues that social entrepreneurship is essential because it combines the ambition to solve social problems with the structured approach of business practices.

Dees (1998) defines it as the process of crafting innovative solutions to social issues. Ellington (1997) emphasizes the importance of considering social, environmental, and economic impacts collectively, referring to this as the "triple bottom line."

Bornstein (2007) highlights the potential of social entrepreneurship to initiate significant systemic changes. Nicholls (2006) delves into various models of social entrepreneurship and their practical applications.

The OECD (2015) underscores the need for inclusive growth, stressing the importance of ensuring everyone has equal access to opportunities and benefits. Yunus (2003) illustrates how microfinance and social entrepreneurship can play pivotal roles in alleviating poverty and fostering economic empowerment.

The Problem: Exclusion and Inequality Impeding Sustainable Development

Although global economic growth has been impressive in the last couple of decades, these benefits have not been spread equally among the people. Inequality continues increasing in several countries, which causes social unrest and political instability. This imbalance of wealth and opportunity has generated a situation in which part of the population suffers from being left out of the achievements made by economic progress, and that is paralyzing sustainable development.

Here are some key aspects of the problem:

- **Economic Inequality:** There seems to be growing gap between the rich and the poor in many developed and developing countries. This is to say that a minority of people own a disproportionately large amount of wealth and resources.
- **Social Exclusion:** There are many groups such as women, minorities, disabled persons, and people living outside cities that experience systematic levels of inequalities that restrict the full participation of these groups in economic and social activities. This exclusion may be manifested in decreased access to education, health, work, and finance.
- **Environmental Degradation:** Unsustainable production and consumption has been causing environmental degradation, with an uneven burden on vulnerable populations. Environmental hazards of climate change, pollution and resource depletion can deepen existing inequalities and generate novel forms of exclusion.
- **Market Failures:** Traditional market mechanisms are frequently ineffective in meeting social or environmental demands. This may lead to underinvestment in key services, including, education, healthcare and infrastructure, especially in disadvantaged areas. Public authorities frequently have difficulty plugging this gap and thus unmet social needs.
- **Lack of Access to Capital:** Marginalized entrepreneurs and social enterprises often face significant challenges in accessing capital, which hinders their ability to start and scale their ventures. Conventional finance providers may be unwilling to extend credit to these companies because of potential risk and/or a lack of collateral.

IV. SOCIAL ENTREPRENEURSHIP AS A SOLUTION

- **Creating Shared Value and Promoting Inclusion:** Social entrepreneurship offers a compelling solution to the problem of exclusion and inequality by creating shared value that is, generating both economic and social benefits simultaneously. In contrast with conventional businesses that focus on profit maximization, social enterprises are motivated by a social purpose and seek to alleviate unmet social needs by utilizing innovative and sustainable business models. In so doing, social entrepreneurship also plays a role in inclusive growth.



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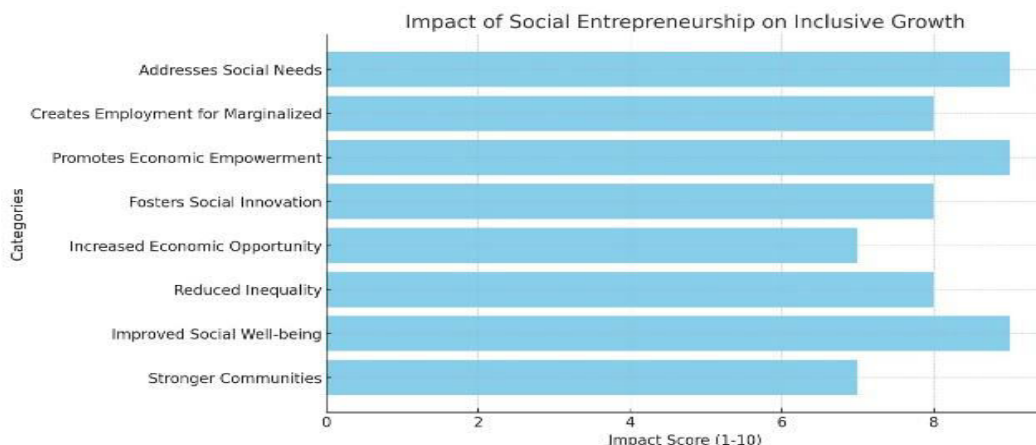
- **Addressing Social Needs:** Social enterprises provide explicit solutions to important social problems, e.g., poverty reduction, health delivery, learning, environmental protection, and social equity. They tend to target serving underserved communities traditionally served by more traditional markets and public institutions.
- **Creating Employment Opportunities:** Social enterprises can generate employment opportunities for vulnerable job seekers (i.e., those with disabilities, ex-offenders and long-term unemployed) unable to find work traditionally. Such employment opportunities have the potential to offer to them income, on the one hand, and skills on the other, as well as the dignity and sense of belonging
- **Promoting Economic Empowerment:** Social enterprises are likely to enable marginalized people to be better off by giving them access to financial services, training, etc., which they use to create jobs or improve their socioeconomic conditions. This can help them get free from poverty and economic entrapment. **Fostering Social Innovation:** Social entrepreneurs are, in many times and cases, leaders in creating innovative responses to social issues. They are keen to innovate, experiment, and fail in new ways to overcome problems that have either been entirely overlooked by the usual suspects or inadequately addressed by conventional power players.
- **Driving Systemic Change:** Social enterprises have potential to contribute to systemic change, by showcasing feasibility and efficiency of alternative business models with focus on social return. They can also lobby for governmental policy changes in favor of the social entrepreneurship and the creation of inclusive growth.
- **By addressing social needs, creating employment opportunities, promoting economic empowerment, fostering social innovation, and driving systemic change, social entrepreneurship can contribute significantly to inclusive growth. It provides a route to a fairer, greener future in which all can contribute positively to, and reap the rewards of, economic growth.**

Examples and Case Studies:

As an example of the effects of social entrepreneurship on inclusive growth in the choice of examples, following examples are presented

- **Grameen Bank (Bangladesh):** Founded by Nobel Peace Prize laureate Muhammad Yunus, Grameen Bank provides microloans to impoverished women in Bangladesh, enabling them to start their own businesses and lift themselves out of poverty. This has been profoundly affecting the lives of millions of women and their families.
- **Arvind Eye Care System (India):** Arvind Eye Care System delivers high-quality, low cost eye care services to an enormous population in India, irrespective of their financial status. It is based on a cross-subsidy model, that is, where paying patients help to cover the cost of services for those with financial need for care.
- **TOMS Shoes (United States):** TOMS Shoes is 1 for 1, donating one pair of shoes for every pair bought to a child in need. This has made available to millions of children worldwide the opportunity for the use of footwear that can lead to better health and wellbeing.
- **BRAC (Bangladesh):** BRAC is a major development agency running a broad range of social enterprises (microfinance, farming, health and education). Such companies provide the revenue which BRAC development programmers use in turn.

Interpreting the Bar Graph: The Influence of Social Entrepreneurship on Inclusive Growth





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This bar graph depicts the social entrepreneurship influence spectrum with regards to inclusive growth. The X-axis is attributed to the impact score (1-10) while the Y-axis is reading several categories under the influence of social entrepreneurship. Each bar illustrates social entrepreneurship's contribution strength concerning the categories exhibited.

Class-based Disintegration

1. Addresses Social Needs (Score: 9)

Social entrepreneurship effectively grapples with these key social challenges: poverty, health, and education.

This is impactful, as seen in affordable healthcare service initiatives, community schools, and sustainable housing projects.

2. Provides Employment to Marginalized Categories (Score: 8)

Social enterprises create job opportunities for disadvantaged groups, e.g., refugees, persons with disabilities, and rural women.

Effectiveness decay due to dependence on so many external economic factors puts this just below social needs in terms of impact.

3. Provide Economic Empowerment (Score: 9)

Microfinance programs, vocational training, and financial literacy workshops enable self-sufficiency of individuals and small businesses.

This area gets a very high score due to its bearing on economic stability.

4. Promotes Social Innovation (Score: 8)

Social entrepreneurs use novel solutions to solve social problems, like mobile banking to reach the unbanked or digital learning for remote villages.

While this area is important for the impact, innovation necessitates ongoing recalibrating and support.

5. Augment External Economic Activity (Score: 7)

Economic opportunities will spring from the entrepreneurship cycle, albeit hence the slightly lesser impact as it will depend on external business conditions and policies.

6. Decreased Inequality (Score: 8)

Social entrepreneurship works towards reducing economic and social divides through the provision of jobs, education, and financial inclusion.

While it does work, some systemic obstacles still hold it from a score of 10.

7. Improved Social Well-being (Score: 9)

An improving healthcare, education, and financial security will generate healthy and productive citizens.

Big impacts are found between social entrepreneurship and well-being.

8. Strong Community Development (Score: 7)

Social enterprises would create these support networks that contribute to strengthening communities.

The degree of impact here, however, is slightly lower since community development is regarded as something requiring a long-term engagement of various stakeholders.

V. CHALLENGES AND OPPORTUNITIES

Although social entrepreneurship has great promise for generating inclusive growth, it also has a variety of challenges:

1. Access to Funding: Social enterprises frequently have difficulty in obtaining funding, including early-stage capital. Traditional investors may be hesitant to invest in ventures that prioritize social impact over financial returns.
2. Measurement and Evaluation: It is also difficult to assess and measure the social impact of social enterprises. The need to come up with strong metrics and data acquisition modes that reflect the complex and not always visible contributions they warrant, exists.



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3. Scaling Up: Amplifying social enterprises is a difficult task since it requires not only building up strong organizational capacity but also designing a robust distribution network and a sustained social mission.
4. Lack of Awareness and Recognition: Social entrepreneurship remains a nascent and developing area in many countries and can be characterized by a paucity of knowledge and understanding about its promise.
5. Regulatory and Policy Barriers: Social enterprises can be subject to regulatory and policy constraints that limit their capacity to function and grow their enterprise. This can include complex legal structures, bureaucratic processes, and lack of access to government contracts.

VI. POLICY AND ECOSYSTEM SUPPORT

The creation of an enabling policy and ecosystem environment will be crucial in order to fully leverage the social entrepreneurship contribution to inclusive growth. This includes:

1. Access to Finance: Government and philanthropic foundations should make grants, loans, and equity to fuel the creation and expansion of social enterprises.
2. Capacity Building: Social enterprises require access to capacity-building activities such as training, mentoring, and others to better develop their organizational capacity and their social impact.
3. Regulatory Framework: Governments should establish a transparent and facilitative regulatory environment for social enterprise, such as a legal framework to enable social enterprise to contribute a balanced dual mission of social and economic value.
4. Public Procurement: Governments should prioritize social enterprises in public procurement processes, giving them preferential access to contracts for goods and services. Awareness Raising: Governments and other stakeholders should raise awareness of social entrepreneurship and its potential to address social challenges and promote inclusive growth.
5. Incubation and Acceleration Programs: Venturing for startups with model of social enterprise is encouraged by incubation and acceleration programmes which are specifically tailored to their need and support their development of business models, strategy refinement and the ability to secure finance.
6. Social Impact Bonds: Social Impact Bonds (SIBs) are a method for attracting private investment to finance social programs. They tie repayment to achieving specific social targets, promoting efficiency and effectiveness.

VII. CONCLUSION

Social entrepreneurship plays a crucial role in fostering inclusive growth. It addresses social needs, creates jobs for marginalized groups, encourages social innovation, and drives systemic change. These efforts contribute to a more equitable and sustainable world. However, realizing the full potential of social entrepreneurship requires coordinated efforts from policymakers, businesses, nonprofits, and other stakeholders to build a supportive environment where these enterprises can flourish.

Recommendations:

To develop a thriving social entrepreneurship ecosystem and enhance its impact on inclusive growth, the following steps are recommended:

1. Develop National Strategies: Governments should create comprehensive plans with clear objectives to support the growth of social entrepreneurship.
2. Establish Social Enterprise Funds: Both governments and philanthropic organizations should set up funds dedicated to providing financial support, such as grants and loans, to social enterprises.
3. Create Accreditation Systems: Governments should implement systems to officially recognize and support social enterprises.
4. Promote Social Impact Investing: Encourage investments that prioritize social and environmental benefits.
5. Integrate into Education: Educational institutions should incorporate social entrepreneurship into their curricula, preparing students to start and manage social enterprises.
6. Foster Collaboration: Promote partnerships among governments, businesses, nonprofits, and social enterprises to address social challenges and support inclusive growth.
7. Simplify Regulations: Streamline the regulatory processes for social enterprises to facilitate their registration, operation, and expansion, reducing bureaucratic obstacles.



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